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Assessing the stakeholders' responses in public discussions of IPSASB standards from a cultural perspective

Fábio Albuquerque ^a, Paula Gomes dos Santos^a, Eugênia Paiva da Penha^b and Daniel Silva^b

^aLisbon Accounting and Business School (ISCAL-Instituto Politécnico de Lisboa), Portugal; ^bUniversidade Federal de Pernambuco, Recife, Brazil

ABSTRACT

This article assesses the factors that may explain stakeholders' responses in public due processes carried out by the IPSASB. Seven ongoing projects were assessed, comprising 328 comment letters sent to IPSASB from 47 countries. The authors present a new approach which takes into account cultural values in public sector accounting and financial reporting.

IMPACT

This article shows that factors that can explain stakeholders' responses in public discussions of the International Public Sector Accounting Standards Board's (IPSASB) standards may differ according to underlying cultural values. Respondents' affiliation, countries' level of development and their accounting framework can explain underlying cultural values. The article will help standard setters, governments and regulatory bodies to understand the differences in stakeholders' positions according to the cultural nature of issues proposed for public discussion.

KEYWORDS

Cultural dimensions; cultural values; IPSAS; level of development; respondents' affiliation

The International Public Sector Accounting Standards Board (IPSASB) develops the International Public Sector Accounting Standards (IPSAS) in convergence with the International Accounting Standards Board (IASB) standards. IPSAS are adapted, when necessary, to the specificities of the public sector, to generate comparable financial information across countries and to minimize differences concerning local regulations (Schmidthuber et al., 2020). As a benchmark for high-quality public sector accounting standards, international institutions, such as the International Monetary Fund, the World Bank and the Organization for Economic Co-operation and Development (OECD), have encouraged countries (especially emerging economies) to adopt standards that are consistent with IPSAS (Association of Chartered Certified Accountants (ACCA), 2017; Toudas et al., 2013).

However, stakeholder pressure for international comparability in the public sector is less intense than in the private sector (Baskerville & Grossi, 2019). Despite the trend of countries moving towards an accrual framework basis (Cavanagh et al., 2016; OECD/International Federation of Accountants (IFAC), 2017), there are not many countries who have fully adopted IPSAS and the majority apply national standards (Chartered Institute of Public Finance and Accountancy (CIPFA)/IFAC, 2021; OECD/IFAC, 2017).

In turn, culture is an influencing factor in countries' accounting systems and how individuals perceive and use accounting information (Doupnik & Tsakumis, 2004). Gray (1988), one of the pioneers in the theorization of cultural values in the scope of the accounting subculture, proposed the classification of countries around four cultural values—relating them to the Hofstede cultural dimensions (1980). These classifications have been used in several studies on due processes conducted by IASB (Carvalho et al., 2015; Dobler & Knospe, 2016; Eisenschmidt & Krasodomska, 2017; Gierusz et al., 2022; MacArthur, 1999).

Bearing in mind the cultural factors favourable for a successful International Financial Reporting Standards (IFRS) implementation process argued by Borker (2012a, 2012b), it is important to assess whether stakeholder values are aligned with the ones underlying IPSAS, as this framework constitutes a new culture for the public sector (Abdulkarim et al., 2022).

IPSAS development and the harmonization of public sector accounting standards have been growing (Schmidthuber et al., 2020). In this sense, research has been assessing the factors that might explain the stakeholders' responses in IPSASB due processes, including elements related to the stakeholders' affiliations (for example De Wolf et al., 2021) and their countries' characteristics, such as the accounting framework used and the economic development level (for example De Wolf & Christiaens, 2019). There are, however, no studies that assess those responses from a cultural perspective on the topics under discussion by IPSASB.

Gray's (1988) proposal was not subject to empirical validation by the author, unlike Hofstede's cultural dimensions (Hofstede, 1980, 1991; Hofstede & Bond, 1988; Hofstede et al., 2010). This is the reason for criticism regarding the use of Gray's proposal (for instance Heidhues & Patel, 2011), as well as the more widespread use of Hofstede's indexes as cultural variables in numerous studies. Studies have used the Hofstede–Gray framework (see, for instance, Ding et al., 2005), but not from the empirical perspective as used in this study. Neither the approach proposed in this research, nor its object, have been previously explored—earlier literature has focused on accounting and financial reporting standards issued by the IASB. More specifically, no studies are known that have proposed a cultural perspective similar to this research for explaining the stakeholders' position in public due processes conducted by IPSASB.

Considering this gap, we set out the following research question: do the factors that may explain the stakeholders' responses depend on the cultural matters which underlie the IPSASB questions proposed? To find the answer to this question, this article aims to assess the factors that may explain the stakeholders' responses in IPSASB due processes based on Gray's (1988) accounting cultural values. Comment Letters (CL) submitted by stakeholders to seven ongoing projects conducted by IPSASB in July and August 2021 were used for the research.

Therefore, this article contributes to the literature on accounting and financial reporting standards in the public sector with an innovative understanding of the differences in stakeholders' positions according to the cultural nature of the matters proposed for public discussion. The findings from this article can be considered by the IPSASB within its due process and future agenda development. As well, this article can be useful for local standard setters, governments and other regulatory entities.

Literature review

Since IPSASB does not have the authority to enforce its standards, its acceptance as a global standard setter body comes from the legitimacy of its actions (Ding et al., 2005). IPSASB proposes standards for public sector entities that will have an impact on a diverse set of stakeholders, composed not only of those entities but also of all those who interact with them. As a result, its legitimacy process via inputs is crucial to IPSASB, especially through public consultation processes that provide an opportunity to gather opinions from a variety of stakeholders (De Wolf & Christiaens, 2019; Richardson & Eberlein, 2011).

Given that a country's accounting system is influenced by its culture (Doupnik & Tsakumis, 2004), it is important to assess the factors that can explain stakeholders' alignment with the accounting cultural values underlying IPSAS as proposed by Gray.

Hofstede-Gray cultural framework

Gray introduced the cultural framework proposed by Hofstede (1980) to the accounting literature. Hofstede et al. (2010, p. 6) defined culture as 'the collective programming of the mind that distinguishes the members of a group or a category of people from others'. Initially, four cultural dimensions were identified by Hofstede (1980). Subsequently, his theoretical model was increased by two new dimensions (Hofstede, 1991; Hofstede & Bond, 1988; Hofstede et al., 2010). His six cultural dimensions were:

- Low versus high power distance (PDI): reflects how individuals deal with the level of inequality in society.
- Weak versus strong uncertainty avoidance (UAI): reflects how individuals in a society deal with future-related uncertainty.
- Individualism (IDV) versus collectivism: demonstrates the degree of relationship between individuals in a society.
- Masculinity (MAS) versus femininity: reflects the behaviour of a society, implicitly reflecting gender inequality.
- Short versus long-term orientation (LTO): reflects how society is oriented in terms of its values, i.e. to the

present and the past (for example respect for traditions) or to the future.

- Indulgence (IVR) versus restriction: reflects the level of well-being of a society based on its freedom or how citizens are guided by social rules or standards.

According to Hofstede (2001), in societies with high PDI, citizens tend to wait for action by the government, while in low-PDI societies they are more likely to co-operate with their governments. Furthermore, citizens of low UAI countries are more interested in politics and protesting government decisions. IDV is positively related to the involvement of voters in the political system. Finally, high levels of MAS relate to a more adversarial political discourse.

LTO and IVR and their respective opposite cultural dimensions were subsequently added to Hofstede's model (1980). According to Hofstede and Bond (1988), Hofstede (1991) and Hofstede et al. (2010), LTO reflects how society is oriented in terms of its values, in opposition to a short-term perspective. Countries with high LTO tend to adopt more traditional and less creative solutions. In turn, IVR reflects the level of well-being in a society based on freedom or how they are guided by social rules or standards. Countries with lower levels of IVR are more conservative.

Although widely used in research from various areas of knowledge (Zhou & Kwon, 2020), it is worth noting the existence of criticism for the use of these dimensions, namely by Baskerville (2003), which indicates some weaknesses as regards the theoretical basis of Hofstede's studies. On the other hand, Venkateswaran and Ojha (2019, p. 1) argue that 'it is too early to consider the abandonment of this significant body of knowledge and instead strongly encourage its cautious future use'.

Following Hofstede's (1980) theoretical model, Gray proposed the classification of countries around four cultural values in the accounting subculture, which relate to social values that can impact the development of accounting at a national level, namely:

- Professionalism versus statutory control: reflects a preference for the exercise of individual professional judgement as opposed to compliance with legal requirements and statutory control exercised by the state or professional associations.
- Uniformity versus flexibility: relates to a preference for the application of uniform accounting practices between companies and for the consistent use of these practices over time, as opposed to flexibility according to the circumstances of each company.
- Conservatism versus optimism: reflects a preference for a cautious approach to measurement to deal with the uncertainty of future events as opposed to a more optimistic and risk-based approach.
- Secrecy versus transparency: relates to a preference for confidentiality and restriction in the disclosure of information to managers of the organization and its funders, as opposed to a transparent and open disclosure to the external public.

Gray pointed out that the most important accounting cultural values for professionals and entities responsible for the enforcement and standardization of accounting systems are

professionalism and uniformity. On the other hand, the most relevant for the assessment of recognition and measurement criteria, as well as for the extent of disclosures are conservatism and secrecy. Gray proposed associations between its accounting cultural values and Hofstede's (1980) cultural dimensions, as follows:

- The higher (lower) a country ranks in terms of IDV (UAI and PDI) then the more likely it is to rank in terms of professionalism.
- The higher (lower) a country ranks in terms of PDI and UAI (IDV) then the more likely it is to rank in terms of uniformity.
- The higher (lower) a country ranks in terms of UAI (IDV and MAS) then the more likely it is to rank in terms of conservatism.
- The higher (lower) a country ranks in terms of PDI and UAI (IDV and MAS) then the more likely it is to rank in terms of secrecy.

The most important cultural dimensions in explaining the accounting subculture would be UAI and IDV. Notwithstanding, the framework did not include the dimension LTO and IVR, as they were only subsequently proposed. Later research has been proposing further relationships between Gray's accounting cultural values and those new Hofstede's cultural dimensions. For instance, Chanchani and MacGregor (1999) proposed additional relationships between Gray's accounting cultural values and LTO as a cultural dimension, besides including PDI with a likely negative relationship with conservatism based on the links between conservatism and uniformity or secrecy. Also, according to these authors, LTO positively influences all accounting cultural values, except professionalism, for which a negative sign was proposed. Borker (2013) subsequently argued that IVR complements freedom of judgement and therefore provides an opposite pattern for this cultural dimension in comparison to LTO: a positive association for professionalism and a negative one with conservatism, uniformity and secrecy.

Table 1 summarizes Borker's (2013) proposition for Gray's accounting cultural values and Hofstede's cultural dimensions relationships, highlighting the stronger predicted associations.

Based on those assumptions, the following hypothesis and sub-hypotheses were defined for this research:

H1: The level of the cultural dimension in respondents' countries influences the alignment level with questions related to matters linked with professionalism, uniformity, conservatism and secrecy.

H1.1: The higher (lower) the respondents' country ranks in terms of IDV and IDR (PDI, UAI and LTO) then the more likely they will be aligned with the questions related to matters linked with professionalism.

H1.2: The higher (lower) respondents' country ranks in terms of PDI, UAI and LTO (IDV and IDR) then the more likely they will be aligned with the questions related to matters linked with uniformity.

H1.3: The higher (lower) the respondents' country ranks in terms of PDI, UAI and LTO (IDV, IDR and MAS) then the more likely they will be aligned with the questions related to matters linked with conservatism and secrecy.

Table 1. Relationships between Gray's (1988) cultural values and Hofstede's cultural dimensions.

Gray's (1988) cultural values	Hofstede's (1980) cultural dimensions					
	PDI	IDV	MAS	UAI	LTO	IVR
Professionalism	-	++	?	--	-	+
Uniformity	+	--	?	++	+	-
Conservatism	+	-	-	++	+	-
Secrecy	++	--	-	++	+	-

Source: Borker (2013, p. 173). Notes: '+' means positive association; '++' means stronger positive association; '-' means negative association; '--' means stronger negative association; '?' means unknown association.

Other stakeholders' characteristics

According to IPSASB (2022), IPSAS adoption improves the quality, comparability and transparency of public sector financial reporting. However, IPSAS have been developed in a predominantly Western cultural climate (Abdulkarim et al., 2022).

As IPSAS are not mandatory (IPSASB, 2022), national accounting standards can comply to a higher or lesser degree with IPSAS (Caruana, 2019). Consequently, most OECD countries apply national standards (57%) and only 3% have fully applied IPSAS (OECD/IFAC, 2017). CIPFA and IFAC assessed 166 countries' frameworks and concluded that only 24% had fully adopted IPSAS (CIPFA/IFAC, 2021). Among the reasons for not implementing IPSAS are their complexity and cost (Polzer et al., 2022; Schmidhuber et al., 2020). The European Commission (EC) also highlighted that IPSAS are not suitable for the EU member states, proposing the implementation of the European Public Sector Accounting Standards (EPSAS) (European Commission (EC), 2013).

Based on Gray's cultural values, Borker (2012a, 2012b) argued that an IFRS-favourable profile includes professionalism, flexibility (lower levels of uniformity), optimism (lower levels of conservatism) and transparency (lower levels of secrecy) as relevant factors for a successful IFRS implementation process.

As IPSAS are IFRS-based and, therefore, principle-based standards, professionalism is an inherent accounting value of IPSAS, as preparers should be able to apply their professional judgement (EC, 2013; Polzer et al., 2022). Furthermore, the accounting practices in the public sector generally come under the aegis of national accounting regulatory authorities: about 50% of OECD countries have the Ministry of Finance (MoF) as their standard setting authority (OECD/IFAC, 2017). The literature has also identified inconsistencies or conflicts between IPSAS, between IPSAS and the IPSASB conceptual framework, as well as between IPSAS and other public frameworks with different objectives and users, such as the National Accounts or the Government Financial Statistics (Bisogno et al., 2022; Brown et al., 2018; EC, 2013; Polzer et al., 2022). Finally, optimism is associated with the entities' preference for a non-conservative measurement basis (for instance by using fair value accounting), while transparency is related to their willingness to increase disclosure levels (Borker, 2013; Carvalho et al., 2015; Gray, 1988).

IPSAS represents a new culture for public sector entities worldwide, mainly in developing countries. Therefore, stakeholder values may not be aligned with the expected consequences of IPSAS adoption, which can be assessed

from a cultural perspective (Abdulkarim et al., 2022). Different stakeholders' characteristics can be used to identify to what extent they can explain the alignment, or not, with Gray's accounting cultural values that underlie the IPSAS accounting standardization process in the public sector, which include the stakeholders' affiliation (De Wolf et al., 2021) and their countries' characteristics, such as the accounting framework and the economic development level (for example De Wolf & Christiaens, 2019; Eisenschmidt & Krasodomska, 2017; Larson & Brown, 2001).

Continental Europe is more conservative and secretive when compared with the USA and the UK, with the differences arising from the development level and the pressures from some of the stakeholders' affiliation groups. De Wolf et al. (2021) suggest that the stakeholders' affiliation influences the alignment level with the IPSASB position, namely in what concerns the professional associations (in favour of less conservatism) and the public sector entities (with the opposite opinion). Criticisms of IPSAS implementation include the different measurement options, the judgements usually required, as well as the excessive level of disclosure requirements (EC, 2013; Polzer et al., 2022). According to Biygautane et al. (2017), more conservative countries are less likely to implement IPSAS.

The IPSASB (2022) encourages governments and national standard setters to participate in its due processes. Accordingly, the literature concluded that those stakeholders are the most active participants, besides professional organizations (Bisogno et al., 2015, 2022; De Wolf et al., 2021; De Wolf & Christiaens, 2019; Kidwell & Lowensohn, 2019; Manes Rossi & Aversano, 2015). Countries with a higher level of economic development and those who apply full IPSAS are also highly participative (De Wolf & Christiaens, 2019; Dobler & Knospe, 2016; Eisenschmidt & Krasodomska, 2017; Larson & Brown, 2001; Larson & Herz, 2013). However, no previous research appears to have assessed the respondents' alignment level from a cultural perspective.

Therefore, our hypotheses for this research were:

H2: Respondents from countries with an IPSAS-based accounting framework are more (less) likely to be aligned with the questions related to matters linked with professionalism (uniformity, conservatism and secrecy).

H3: Respondents from countries with a higher development level are more (less) likely to be aligned with the questions related to matters linked with professionalism (uniformity, conservatism and secrecy).

H4: The respondents' affiliation influences the alignment level with questions related to matters linked with professionalism, uniformity, conservatism and secrecy.

Empirical study

Methodology

Our study was based on the archival research method and we used content analysis. The questions included in IPSASB due processes selected for this study were grouped according to their relationship with Gray's accounting cultural values. IPSAS matters under public discussion (questions) were used as proxy for accounting cultural value. Each question was exclusively attributed to one of those concepts (professionalism, uniformity, conservatism and secrecy). The

criteria underlying the association with Gray's accounting cultural values were based on the following rules, which were defined according to a stronger identification of the predominant matters underlying the question proposed by the IPSASB:

- Professionalism was defined as the residual classification, being associated with questions that did not fit into the other situations. Those questions were mostly related to the user needs by following the prescribed rules under IPSAS. Professionalism relates to an independent and individual judgement, rather than those based on law, code-based, or from entities such as professional associations or standard setters. Statutory control acts as its opposite accounting cultural value.
- Uniformity is associated with those questions that propose to harmonize criteria already in use in other standards (IPSAS, IAS/IFRS) or to eliminate alternative treatments under IPSAS. Uniformity acts as the opposite value proposed to represent IPSAS culture, i.e. flexibility (Abdulkarim et al., 2022).
- Secrecy is associated with those questions specifically related to disclosure requirements. The lower the disclosure predisposition in each country, the higher its level of secrecy (transparency).
- Conservatism is associated with questions on specific recognition or measurement criteria, with likely impacts on the components of assets, liabilities, income and expenses. Conservative countries are more likely, for instance, to anticipate liabilities (expenses) rather than assets (incomes). Moreover, the cost-based measurement model is a preference instead of a fair value-based one, which is more volatile and implies a higher level of judgements or estimates. Optimism is the accounting cultural value that can be seen as its opposite.

The responses to these questions comprised the four dependent variables proposed for this study. The questions associated with the accounting cultural values of uniformity, conservatism, professionalism and secrecy responses were codified as '1' for those cases where respondents were aligned with these cultural values and '0' otherwise. The codification was performed manually through the assessment of responses to IPSASB by each question included in the CL sent by stakeholders. The dependent variables were collected during July and August 2021 from the IPSASB projects whose consultation ended during the period between the last quarter of 2019 and the period of data gathering. The following projects in the Consultation Paper (CP) and Exposure Drafts (ED) phases were included: ED 69: Public Sector Specific Financial Instruments, Amendments to IPSAS 41: Financial Instruments; ED 70: Revenue with Performance Obligations; ED 71: Revenue without Performance Obligations; ED 72: Transfer Expenses; ED 74: IPSAS 5: Borrowing Costs; ED 75: Leases; and CP: Measurement.

A total of 328 CLs was collected, corresponding to 112 stakeholders and 47 different countries, representing all continents. Since each CL intends to answer a diverse set of questions, 2,148 observations were initially computed. However, the non-integral responses to a question were not considered, as well as those in which the responses

Table 2. Designation, source, and type of variables.

Variables (designation and font)	Variable type
Cultural dimensions of Hofstede (1980) and Hofstede et al. (2010) Source: https://geerthofstede.com/	Continuous (based on country indexes)
Accounting framework Source: https://www.ifac.org/what-we-do/global-impact-map	Dummy variable
Effectiveness of governments Source: https://data.worldbank.org/	Continuous
RA (literature on this subject)	Categorical (5 groups)

only made general comments. The reference sample comprised 1,795 observations, referring to 104 stakeholders and 44 different countries, maintaining the representation of all continents.

Next, independent variables were selected as potential explanatory factors of the respondents' alignment with each one of Gray's accounting cultural values. The following elements were selected from the literature review:

- Hofstede's cultural dimensions associated with the respondents' country, considering the hypotheses of association proposed by Gray between these variables and the cultural values in the field of accounting. The research by Gierusz et al. (2022), Eisenschmidt and Krasodomska (2017), Dobler and Knospe (2016), Carvalho et al. (2015) included the cultural perspective in the analysis of the stakeholders' perspective, although taking a different approach to ours.
- Respondents' affiliation, which could be a potential motivating factor for the positioning of these stakeholders. Despite some divergences, the classification for respondents' affiliation was based on the studies by De Wolf et al. (2021), De Wolf and Christiaens (2022, 2019), Kidwell and Lowensohn (2019), Manes Rossi and Aversano (2015), Bisogno et al. (2015, 2022).
- Accounting framework of the respondents' countries, considering the potential effects of a more direct connection and more immediate interests with the subjects under discussion, following De Wolf and Christiaens (2019).
- Development levels of the respondents' countries, measured by the effectiveness of governments (Han et al., 2014; OECD, 2014), which may also influence their responses in the matters proposed for discussion, as advocated by De Wolf and Christiaens (2019).

Table 2 presents a synthesis of the variables.

For Hofstede's cultural dimension, this article uses the PDI, IDV, MAS, UAI, LTO and IVR indexes' values according to respondents' countries, which were collected from the dataset available on the website mentioned in Table 2.

As for the accounting framework, two groups were distinguished based on the respondents' countries, namely those located in countries whose standards were non-IPSAS based (group 1) and the opposite group of IPSAS-based countries (group 2). The information on the accounting framework relates to the year 2020 and was obtained from the global impact map, which is available on IFAC's website mentioned in Table 2.

In turn, the level of government effectiveness (in 2020) came from the World Bank website mentioned in Table 2,

which is a good proxy for a macro concept concerning the countries' level of development (Han et al., 2014; OECD, 2014). It is important to highlight the high level of correlation between this variable and others relating to the country, available from the same source, such as GDP per capita, level of control of corruption, or level of investment in education.

Finally, regarding the respondents' affiliation (RA), the various respondents were classified into five groups: standard setters (group 1); government entities and other public interest entities (group 2); consultants, preparers; and professional associations (group 3); international organizations (group 4); and academics (group 5). Respondents from international organizations represented two or more countries (Bisogno et al., 2022; De Wolf et al., 2021; De Wolf & Christiaens, 2019; Kidwell & Lowensohn, 2019). In these cases, it was not possible to cross-reference or assign values to independent variables related to culture, the framework used and the countries level of development (effectiveness of governments).

As a result of the different data sources used, some data was missing but this was not considered to be relevant because it was lower than 5%. As analysis techniques, this study is essentially based on frequency analysis and logistic regression models. Logistic regression, as a method that estimates the probability of occurrence of an event, is used to determine the predictive variables that explain the positioning of stakeholders within the scope of projects conducted by the IPSASB, from a cultural perspective.

Results

The frequencies presented in Table 3 show the alignment between stakeholders' responses to Gray's accounting cultural values perspective.

Table 3 shows a greater weight of the responses distributed by the following cultural values due to the classifications originally attributed to the assessed questions: uniformity (48%), professionalism (24%), conservatism (19%) and secrecy (9%). The questions associated with professionalism are the ones with the highest weight on the lower scale representing discordances (70%). Note that the value of statutory control is opposed to professionalism, which indicates a greater preference in the responses for following the standards' requirement (70%), to detriment of a freer professional judgement (30%).

To assess the factors that might explain the stakeholders' position, a multivariate analysis is presented through four logistic regression models (A_1 – A_4) that include, as dependent variables, the responses attributed to each accounting cultural value (professionalism, uniformity, conservatism and secrecy).

As independent variables, the models integrate the variables related to Hofstede's cultural dimensions, the variables related to the classification of RA, as well as other variables associated with the respondents' countries distinct from the culture, namely the accounting framework and the level of effectiveness of governments as a variable associated with the countries' development level. The variables related to the groups of respondents and the accounting framework are presented as categorical variables in such models, while

Table 3. Distribution of responses by Gray's cultural values.

Answers	Cultural value									
	Professionalism		Uniformity		Conservatism		Secrecy		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
0	297	70	212	25	83	24	84	52	676	38
1	130	30	653	75	258	76	78	48	1,119	62
Total	427	24	865	48	341	19	162	9	1,795	100

Hofstede's cultural dimensions and the level of effectiveness of governments are continuous ones. These models were defined as follows:

- (1) $Logit(A_1) = \beta_1 PDI + \beta_2 IDV + \beta_3 MAS + \beta_4 UAI + \beta_5 LTO + \beta_6 IVR + \beta_7 Framework + \beta_8 Govern^{Effective} + \beta_9 RA + \varepsilon$
- (2) $Logit(A_2) = \beta_1 PDI + \beta_2 IDV + \beta_3 MAS + \beta_4 UAI + \beta_5 LTO + \beta_6 IVR + \beta_7 Framework + \beta_8 Govern^{Effective} + \beta_9 RA + \varepsilon$
- (3) $Logit(A_3) = \beta_1 PDI + \beta_2 IDV + \beta_3 MAS + \beta_4 UAI + \beta_5 LTO + \beta_6 IVR + \beta_7 Framework + \beta_8 Govern^{Effective} + \beta_9 RA + \varepsilon$
- (4) $Logit(A_4) = \beta_1 PDI + \beta_2 IDV + \beta_3 MAS + \beta_4 UAI + \beta_5 LTO + \beta_6 IVR + \beta_7 Framework + \beta_8 Govern^{Effective} + \beta_9 RA + \varepsilon$

The correlation matrix was checked for the different independent variables included in the proposed regression models to identify the existence of potential collinearity problems. Some weak or moderate correlations ($r \leq 0.631$) were identified. The subsequent findings from the variation index factors (VIF), lower than 5 in all cases, indicate that there were no multicollinearity issues.

Omnibus testing of the coefficients of the model and the Hosmer and Lemeshow adjustment test suggested that the models were adequate and, consequently, logistic regression could be used. The synthesis of the models' predictive capacity, based on Nagelkerke's R^2 , revealed a lower explanatory capacity for the model that has professionalism as a dependent variable (9%), which contrasts with the 22% observable for conservatism. In between, are uniformity (15%) and secrecy (21%). Additionally, the proposed models correctly classify between 73% (for secrecy) and 81% (for conservatism) of the cases. These percentages are higher than the initial classifications, i.e. when the explanatory variables were not introduced in the model. Table 4 presents the results of the proposed logistic regression models.

Table 4 shows that some of Hofstede's cultural dimensions were significantly associated with respondents' alignment with matters related to all of Gray's accounting cultural values, other than secrecy. The signals of the relationships were not necessarily aligned with the literature, except for the predictions between IDV and professionalism or uniformity, IVR and professionalism, as well as LTO and conservatism. Conversely, UAI consistently appears as the cultural dimension with the opposite signals of the relationships proposed. Finally, a negative relationship between MAS and conservatism was found, which was not predicted by the literature.

The accounting framework is also a significant variable. In this context, IPSAS-based countries appeared to have higher levels of professionalism. Conservatism and secrecy seemed to be significant in non-IPSAS-based countries. The levels of effectiveness of national governments helped to explain the accounting cultural value of conservatism, with a negative association. Concerning the respondents' affiliation, there was a statistically significant association between this

variable and the proposed accounting cultural values of uniformity and secrecy.

Discussion

Hofstede's cultural dimensions

The similar respondents' alignment level with statutory control (70%), uniformity (75%) and conservatism (76%) suggests that the respondents did not have an IPSAS-favourable profile (Borker, 2012a, 2012b). The respondents' preferences for statutory control, conversely to professionalism, seem to be aligned with the several options under IPSAS which harm the consolidation report, as well as the reporting of information for other purposes, such as statistical ones. The fact that many countries have their MoF as the accounting regulatory authority necessarily imposes constraints on professional judgement (Brown et al., 2018; EC, 2013; Polzer et al., 2022). Moreover, it reinforces the criticisms of IPSAS in the literature and may explain why most countries do not fully use these standards. The closest alignment level is observed for the issues associated with secrecy versus transparency (52% versus 48%, respectively). This may be due to the concerns expressed by several respondents regarding the volume and complexity of the proposed disclosures, and the necessary professional judgement required by some of them. Therefore, the preference for secrecy should be viewed with caution, as it might express concerns about the complexity and cost of implementing such disclosures (aligned with EC, 2013; Polzer et al., 2022) rather than wanting less transparency.

Concerning Hofstede's cultural dimensions, the findings only partially supported H1 for the significant relationships found between some of those dimensions and three out of four of the dependent variables proposed. Specifically, significant relationships were found for the hypothesis related to professionalism (H1.1), uniformity (H1.2) and conservatism (H1.3) as dependent variables but, even for those cases, they were not necessarily aligned with the initial predictions underlying those sub-hypotheses. The sub-hypothesis for secrecy, which was predicted similarly to conservatism under H1.3, was rejected because no cultural dimension seemed to explain it.

A positive association between professionalism and four out of six of those concepts was identified: namely PDI, IDV, UAI and IVR. Professionalism represents Gray's accounting cultural value with the highest number of associated cultural dimensions. As for IDV, which represents the feeling of independence among the members of society, there is a consistency with the hypothesis proposed by Gray. This is explained by the link between this cultural dimension and free judgement concerning decision-making in accounting matters, which underlies professionalism as Gray's accounting cultural value. On the other hand, the findings for PDI and UAI were not

Table 4. Results of the logistic regression models.

	Professionalism			Uniformity		
	B	S.E.	Wald	B	S.E.	Wald
PDI	***0.034	0.013	6.755	-0.016	0.010	2.497
IDV	*0.027	0.014	3.426	***-0.030	0.011	7.235
MAS	-0.008	0.015	0.274	-0.014	0.010	1.874
UAI	*0.019	0.010	3.645	***-0.039	0.008	25.821
LTO	0.014	0.011	1.869	0.007	0.007	0.869
IVR	***0.037	0.013	7.545	-0.009	0.011	0.689
Framework(1)	**0.769	0.374	4.218	0.391	0.297	1.731
Govern_Effective	0.008	0.009	0.791	-0.012	0.008	2.066
RA			0.560			8.671
Standard setters	0.240	0.387	0.383	1.026	0.793	1.676
Public sector entities	0.257	0.394	0.427	*1.296	0.769	2.839
Professionals				**1.665	0.779	4.564
Constant	-8.221	2.074	15.717	6.508	1.627	16.007

	Conservatism			Secrecy		
	B	S.E.	Wald	B	S.E.	Wald
PDI	-0.026	0.020	1.617	-0.037	0.027	1.880
IDV	-0.019	0.020	0.874	-0.019	0.023	0.713
MAS	***-0.046	0.017	6.922	0.015	0.026	0.344
UAI	***-0.051	0.015	11.946	0.019	0.017	1.198
LTO	**0.033	0.014	5.577	0.023	0.018	1.650
IVR	-0.026	0.017	2.288	0.022	0.019	1.331
Framework(1)	**0.950	0.479	3.934	*1.019	0.602	2.860
Govern_Effective	**0.029	0.014	4.708	0.006	0.016	0.125
RA			1.776			3.379
Standard setters	-0.087	0.546	0.025	*1.063	0.581	3.344
Public sector entities	-0.612	0.545	1.259	0.388	0.587	0.436
Constant	11.663	3.352	12.105	-2.628	3.295	0.636

Notes: ***Significance level at 1%; **Significance level at 5%; *Significance level at 10%

aligned with Gray's proposition. In the first case (PDI), the hierarchical relations established within society are at stake, identifying this cultural dimension as the degree of acceptance of the way how the power is distributed within the institutions and organizations within society, especially by the most disadvantaged. The second (UAI), in turn, relates to society's discomfort with uncertainty and ambiguity—measuring how a society deals with uncontrollable events. Those divergences may be explained by the scope of the research—namely public sector accounting and financial reporting standards—because the public sector traditionally requires a higher level of hierarchy and control even in an environment where judgement is more flexible, a value that underlies the accounting culture value of professionalism. As for IVR, the positive association between this cultural dimension and professionalism as an accounting cultural value can be probably explained by the fact that indulgent societies are associated with those whose people are not regulated by strict social norms. Consequently, this finding is somehow aligned with the similar proposed association between IDV and professionalism in what concerns individual preferences, as proposed by Borker (2013). H1.1 was partially rejected.

Moreover, two cultural dimensions were statistically significant in terms of the accounting cultural value of uniformity, namely IDV and UAI, both with negative signs of a relationship. The negative association between uniformity and the cultural dimension of IDV was aligned with Gray's hypothesis. Consequently, IDV appears as Hofstede's cultural dimension globally aligned with Gray's accounting cultural values for which the association was found as statistically significant (professionalism and uniformity). On the other hand, the negative association with UAI, although aligned with the previous finding regarding professionalism, contradicts Gray's formulation. This may eventually be

justified by the current context of the search for harmonization of public accounts reports despite the existence of a society's conservative cultural dimension, which is a different scenario from that existing at the time of the theorization proposed by Gray. This is also consistent with the evidence obtained earlier as regards the positive association between uniformity and the respondents' affiliation as professionals and public entities. Therefore, and considering the narrow scope of the topic under analysis (public sector), the non-confirmation of Gray's hypothesis for this cultural dimension can also be exemplified by societies with lower levels of risk-aversion (UAI) that are already in a more advanced phase of standardization, such as the Nordic and Anglo-Saxon countries. Therefore, contrary to Gray's view, such countries may be more inclined to adopt those standards to achieve a higher level of uniformity. Also, the findings highlight, from the different signals found for IDV and UAI within professionalism and uniformity, the opposite sense for those accounting cultural values as proposed by Gray.

Finally, three out of five of Hofstede's cultural dimensions were related to conservatism: MAS, UAI and LTO. The negative association between the cultural dimension of MAS and conservatism corroborates Gray's proposition. Regarding UAI, the negative sign is the same as that identified for uniformity, which again contradicts Gray's hypothesis concerning, in this case, the relationship between conservatism as an accounting cultural value and UAI as a cultural dimension. Consequently, the identification of this cultural dimension (UAI) as negatively associated with conservatism corroborates the previous evidence that countries traditionally associated with lower levels of risk-aversion may be potentially aligned with the adoption of using more strict rules and uniform procedures for benefiting international harmonization of reporting in the public sector, oppositely to Gray's expectations.

Moreover, it is worthwhile mentioning that UAI represents the cultural dimensions more frequently associated with Gray's accounting cultural values, based on the evidence also found for professionalism and uniformity. Nonetheless, it contradicts Gray's assumptions as regards the proposed signs of this relationship but, on the other hand, stresses the different sense between professionalism and uniformity or conservatism. Finally, the positive association between the cultural dimension of LTO and conservatism, although not initially predicted by Gray, was subsequently aligned with Radebaugh and Gray's (2002) expectations, since societies with higher levels of LTO have a pragmatic forward-looking vision (future-oriented).

Accounting framework

The findings partially supported H2 with IPSAS-based countries having higher levels of professionalism, and non-IPSAS-based countries seeming to want conservatism and secrecy. This finding is aligned with the classification proposed by Borker (2012a, 2012b). It is also consistent with the findings by Oulasvirta (2014) regarding the reasons behind Finland's refusal to adopt IPSAS, explained by the choice of the Finnish government's conceptual framework for accrual accounting based on a revenue/expense and historical cost models instead of the asset/liability and fair value ones promoted by the IPSAS. The preference for statutory control, conservatism and secrecy by non-IPSAS-based countries also corroborate the criticisms supporting its non-implementation (Bisogno et al., 2022; Brown et al., 2018; EC, 2013; Polzer et al., 2022; Schmidhuber et al., 2020). On the other hand, the non-significance as regards uniformity is also an interesting finding, as it indicates similar alignment levels with this accounting cultural value by both IPSAS-based and non-IPSAS-based countries. For those who have IPSAS, uniformity seems to be a significant accounting value towards comparability (Gray, 1988). In contrast, non-IPSAS-based countries may have expressed concerns regarding inconsistencies amongst IPSAS as well as between them and similar frameworks (Bisogno et al., 2022; Brown et al., 2018; EC, 2013; Polzer et al., 2022).

Development levels

Countries' development levels have also been proposed as related to different accounting cultural values (Abdulkarim et al., 2022; Gray, 1988). More specifically, in the context of the public sector, developed countries have been stressing concerns about IPSAS adoption regarding matters related to professionalism, uniformity and secrecy (EC, 2013; Oulasvirta, 2014; Polzer et al., 2022). Nonetheless, the findings from our research only support H3 regarding the higher the development levels of a country (levels of effectiveness of the governments) the lower the alignment levels with the questions related to matters linked with conservatism, with no further evidence regarding possible relationships between countries' development levels and the remaining Gray's accounting cultural values.

Respondents' affiliations

Finally, concerning H4, the results only support significant and positive associations between the respondents'

affiliations and the accounting cultural values of uniformity and secrecy. More specifically, this association is observable between the uniformity and professionals as well as in that of public sector entities, which is an interesting finding considering that those groups are the most directly influenced by the harmonization (comparable accounting treatments) proposed by IPSASB. Considering the concerns regarding IPSAS internal and external inconsistencies already mentioned (Bisogno et al., 2022; Brown et al., 2018; EC, 2013; Polzer et al., 2022), the willingness for uniformity is seen as natural amongst those who would have to apply IPSAS. Given that, as suggested by Abdulkarim et al. (2022), uniformity appears to be inversely associated with professionalism according to Gray. Therefore, these findings reflect a different profile for public sector professionals. It is also relevant to stress, in this sense, that Gray pointed out that professionalism is the most important accounting cultural value for professionals. Finally, there was a positive association between standard setters and matters related to secrecy, which may indicate their concerns with the complexity and cost of such disclosure implementation, following, for instance, criticisms by Polzer et al. (2022) and Schmidhuber et al. (2020).

Conclusions

This study aimed to assess the factors explaining stakeholders' responses in public due processes carried out by the IPSASB from Gray's (1988) accounting cultural values perspective. We found an association between accounting cultural values and the different explanatory factors proposed, although with important differences depending the accounting cultural value being assessed.

Respondents to IPSASB due processes seemed to have more alignment with Gray's accounting cultural values of statutory control, uniformity and conservatism. These findings reinforce the criticisms of IPSAS and, bearing in mind the IFRS-favourable profile argued by Borker (2012a, 2012b), may explain the limited implementation of full IPSAS as most respondents do not have an IPSAS-favourable profile.

The respondents' affiliation was identified as a relevant variable in explaining uniformity and secrecy. More specifically, professionals and public entities were the most relevant groups in explaining the accounting cultural values of uniformity and standard setters for secrecy. Uniformity is, therefore, relevant in the context of those entities that need to produce financial statements for different purposes and users, such as governments and statistics authorities. This may be due to the usually lower levels of disclosure requirements provided by local standard setters compared to the higher levels under IPSAS.

Regarding Hofstede's cultural dimensions, associations were found between some of them and all of Gray's accounting cultural values—except for secrecy. However, the related cultural dimensions found were not consistent with Gray's propositions, except for the positive relationship between IDV and professionalism, as well as the negative for uniformity. Conversely, all findings regarding UAI were opposed to the signs of relationships proposed by Gray.

The accounting framework seemed to be significantly related to all of Gray's cultural values other than uniformity, while their development levels were only significantly related to conservatism.

As mentioned, we could not find any previous research assessing stakeholders' responses aligned with Gray's accounting cultural values perspective. This article corrects this and adds to the small number of studies that seek to explain stakeholders' views of standardization in the public sector, presenting an empirical validation of Gray's concepts using IPSASB's consultations as a proxy. Moreover, concerning culture as a research topic overall, previous research has only used Hofstede's cultural dimensions as a possible explanatory factor (independent variables) of the responses within IPSASB due processes. We hope this article will provide ideas for further methodological developments by other researchers.

This article is also important in terms of the empirical verification of the association between Gray's accounting cultural values and Hofstede's cultural dimensions because Gray did not empirically test his propositions. The results do not corroborate the hypotheses proposed by Gray, which reinforces criticisms by other authors, for example Heidhues and Patel (2011).

Finally, it is important to stress the limitations associated with studies of this nature due to the need for subjectivity. Responses were not always sufficiently objective or properly structured and therefore had to be interpreted. Moreover, there are limitations to note related to the accounting cultural values classification, as well as the alignment between the sense of the questions under assessment with those concepts. Those judgemental processes can sometimes allow different interpretations, either at the time of their classification (from the researchers' perspective) or at the time of their answer (from the respondents' perspective).

In seeking legitimacy for IPSAS-based reporting, the IPSASB should consider all relevant factors that might influence stakeholders positioning, including their cultural values. Even at an advanced level of harmonization, we have shown that governments, standard setters, professionals and academics need to consider the cultural perspective when assessing the possible barriers to IPSAS adoption or convergence.

Future research should take into account the diversity of factors that influence this process, based on the evidence we found. Therefore we suggest deepening the relationship of these elements, by considering the inclusion of further variables in future investigations, which may help to strengthen the conclusions from this article.

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ORCID

Fábio Albuquerque  <http://orcid.org/0000-0001-8877-9634>

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